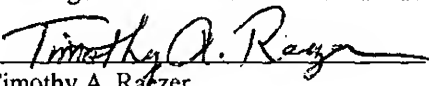


AGREEMENT
BETWEEN
THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF
AMERICA
AS REPRESENTED BY
THE DEFENSE ENERGY SUPPORT CENTER
AND
THE ARMADA DE CHILE
AS REPRESENTED BY
THE DIRECCION GENERAL DE LOS SERVICIOS
CONCERNING
THE EXCHANGE AND REIMBURSEMENT
OF
MARINE AVIATION AND PROPULSION FUELS

Dated: August 16, 2005

I certify that this is a true and complete copy of the original English text version of the Agreement Between the Department of Defense of the United States of America as represented by the Defense Energy Support Center and the Armada De Chile as represented by the Direccion General De Los Servicios Concerning the Exchange and Reimbursement of Marine Aviation and Propulsion Fuels.


Timothy A. Ratzner
Assistant Counsel
DESC



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PREAMBLE

The Department of Defense of the United States of America (U.S. DoD), as represented by the Defense Energy Support Center (DESC), and The Armada de Chile as represented by the Direccion General de los Servicios (DGSA), hereinafter referred to as the "Party" or "Parties";

Recognizing the Acquisition and Cross Servicing Agreement (ACSA) between the Department of Defense of the United States of America and the Ministry of Defense of the Republic of Chile dated October 17, 2000; and

Having a common interest in mutual exchange and accounting of bulk ship and aviation fuels.

Have agreed as follows:

I. PURPOSE AND SCOPE

- 1.1. Purpose. The purpose of this Agreement is to establish an arrangement whereby the Parties shall exchange Turbine Fuel, Aviation (MIL-DTL-5624, NATO Code F-44) and Fuel, Naval Distillate (MIL-F-16884, NATO Code F-76) on a replacement or reimbursement basis.
- 1.2. Scope. The scope of this Agreement applies to the worldwide fueling of ships of the Parties at port or at sea where prior permission to dock or receive support at sea has been granted by the appropriate authorities of either Party to the other Party.

II. RELATIONSHIP

- 2.1. U.S. DoD.
 - 2.1.1. DESC is the administrator of this Agreement.
 - 2.1.2. DESC-Americas is the point of contact for the day-to-day operation and administration of this Agreement.
 - 2.1.3. Requirements to berth at U.S. Navy facilities or to refuel at sea from U.S. Navy vessels will be submitted to the U.S. Navy.
- 2.2. CN.
 - 2.2.1. DGSA is the administrator of this Agreement.
 - 2.2.2. DGSA is the point of contact for the day-to-day operation and administration of this Agreement.



2.2.3. Requirements to berth at CN facilities or to refuel at sea from CN vessels will be submitted to the Chilean Navy.

III. RESPONSIBILITIES

- 3.1. The Parties may exchange fuel between ships, ships and shore, shore to ship and ship to aircraft. For the purpose of this Agreement, agencies authorized refueling include:
 - 3.1.1. For the U.S. DoD - U.S. DoD vessels, civilian vessels under military contract, and other Federal agency vessels, for example, U.S. Coast Guard and National Oceanic Atmospheric Administration vessels, as specified by DESC.
 - 3.1.2. For the CN - Chilean Navy vessels, and civilian vessels under Chilean Navy contract.
- 3.2. The Parties shall reconcile, replace and/or reimburse each other for bulk fuel exchanges according to Articles IV and V of this Agreement.

IV. OPERATION

- 4.1. Documentation.
 - 4.1.1. Documentation of fuel receipts and issues shall be maintained by DESC for the U.S. DoD, and by DGSA for the CN. Fuels transaction documentation for DESC and the CN shall be maintained at the following addresses:

For DESC: DESC-RR, Bldg 1621-K
2261 Hughes Avenue, Suite 128
Lackland AFB, TX 78236-9828

For CN: Direccion General de los Servicios de la Armada (DGSA)
Prat N° 620- 2° Piso - Valparaiso - Chile

- 4.1.2. The dispensing ship or facility shall send a message or e-mail detailing the issue to the addressees listed in Annex A.
- 4.2. Description and units of measure of products authorized to be exchanged under this Agreement are as follows:
 - 4.2.1. Fuel, Naval Distillate (MIL-F-16884, NATO Code F-76) shall be issued in barrels, metric tons or cubic meters. For estimating purposes, one barrel equals 42 U.S. gallons;

one metric ton equals 7.4625 barrels, and one cubic meter equals 6.28981 barrels.

- 4.2.2. Turbine Fuel, Aviation (MIL-DTL-5624, NATO Code F-44) shall be issued in barrels, metric tons or cubic meters. For estimating purposes, one barrel equals 42 U.S. gallons; one metric ton equals 7.4625 barrels, and cubic meter equals 6.28981 barrels.
- 4.3. The actual physical quantity shall be converted to a Net Standard Volume, either in liters at 15 °C or gallons at 60 °F. Measurement shall be made in accordance with locally approved procedures. Use the Petroleum Measurement Tables (an adjunct to ASTM D 1250), Volume XII, Table 52 to convert between cubic meters at 15 °C and barrels at 60 °F (1 cubic meter equals 1000 liters; 1 barrel equals 42 gallons). Use Volume XII, Table 58 to convert between gallons/barrels and metric tons. Every attempt shall be made to reach consensus on the quantity of fuel exchanged. In the event a discrepancy cannot be resolved, the quantity determined by the issuing authority shall be considered conclusive.
- 4.4. Fuel supplied by the issuing Party pursuant to the provisions of this Agreement shall meet the quality assurance provisions and specification requirements as identified in MIL-F-16884, *Naval Distillate Fuel* (F-76) and MIL-DTL-5624, *Aviation Turbine Fuel* JP5 (F-44). The receiving Party shall have the option of refusal if the fuels do not meet its quality assurance and specification requirements.
- 4.5. The Party issuing fuel shall document transactions on the standard form of the Party providing the fueling services. The receiving Party shall accept the completed forms as adequate proof of fuel exchange. Fueling forms shall be complete, legible and verifiable by both Parties. Confirmation by ship's message is acceptable for ship-to-ship fueling. Minimum data requirements are defined in Annex B.
- 4.6. The Parties shall exchange a Summary of Transactions (SOT) by fuel type, with supporting documentation, at least once per quarter. The SOT shall be forwarded to the addresses in paragraph 4.1.1.
- 4.7. Procedures for requesting fuel are specified in Annex A.
- 4.8. Address changes may be conveyed via an exchange of letters and attached to this Agreement without a formal revision of the Agreement. These letters shall be forwarded to the addresses in paragraph 4.1.1.
- 4.9. This Agreement does not override any standard operating procedures between the U.S. Navy and the CN regarding port access. Port access is dependent on approval of the appropriate Naval authorities and not DESC.



V. RECONCILIATION AND SETTLEMENT

5.1. Reconciliation.

5.1.1. Reconciliation of accounts shall be based on a semi-annual period ending June 30 and December 31. A reconciliation conference shall be scheduled twice annually, if necessary, and normally not later than sixty (60) days after the dates above if necessary.

5.1.2. The standard form or ship's message prepared to document each refueling shall be presented for reconciliation. Illegible or incomplete forms may be rejected for more legible or detailed information pertaining to the refueling to be provided by the issuing Party. Should a transaction be presented that is more than two years old, the receiving Party may elect to reject the transaction.

5.1.3. Transactions of the Parties shall be offset to the extent possible to determine outstanding balances owed by either Party.

5.1.4. The Parties shall prepare reconciliation balance sheets to document account balances. Both Parties shall certify the balance sheets.

5.2. Settlement.

5.2.1. The Parties shall agree as to whether settlement shall occur via product replacement, cash settlement by grade, or replacement/cash settlement based on equivalent value exchange (EVE).

5.2.2. EVE is the process of converting a quantity of one grade of fuel to an equivalent quantity of another grade of fuel based on the U.S. DoD standard price in effect at the time of settlement and agreed between the Parties.

5.2.3. The Party owed shall issue an invoice within sixty (60) days of reconciliation.

5.2.4. Invoices shall be submitted to the address provided by the Parties in an exchange of letters.

5.3. Replacement.

5.3.1. If replacement is agreed to be the mode of reimbursement it shall occur within ninety (90) days of receipt of an invoice by the owing Party. If replacement does not occur within this time, the Parties may agree to a cash settlement.

5.3.2. Replacement shall occur at a mutually agreed location.

5.4. Cash settlement.

5.4.1. Payment shall be made in U.S. dollars, within thirty (30) days of receipt of a valid



invoice at the payment office, to the address provided on the invoice. Electronic Funds Transfer (EFT) payment is considered the optimum form of payment.

- 5.4.2. The Parties shall exchange relevant banking data in order to receive bank deposits.

VI. GENERAL PROVISIONS

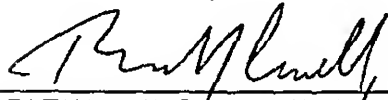
- 6.1. All activities of the Parties under this Agreement shall be carried out in accordance with their national laws. The activities of the Parties shall be subject to the availability of funds for such purposes.
- 6.2. Customs and Excise. The Parties shall not charge or pay any taxes or duties under this Agreement.
- 6.3. Effective Date and Duration. This Agreement shall be effective upon signature of both of the Parties and shall remain in effect for five (5) years. This Agreement shall automatically renew at the end of the five (5) year period for additional five (5) year periods unless objected to in writing by either Party at least ninety (90) days before the end of the five (5) year period. The duration of this Agreement shall not exceed twenty years.
- 6.4. Termination. This Agreement may be terminated at any time upon the mutual written consent of the Parties. Either party may terminate the Agreement by giving the other Party ninety (90) days written notice of its intent to terminate. The Parties, in consultation, shall take action to limit the impact of termination on either Party.
- 6.5. Amendment. Amendments to this Agreement may be proposed by either Party at any time and shall, upon acceptance by the Parties, by means of a jointly signed amendment, become a permanent part of this Agreement. The Agreement may only be amended in writing, between the Parties, except as provided in paragraph 4.9.
- 6.6. Dispute. Any disputes regarding the interpretation of this Agreement or transactions executed hereunder shall be resolved through consultation between the Parties and shall not be referred to any national or international tribunal or third party for settlement.
- 6.7. Supersession. This Agreement supersedes the existing Fuel Exchange Agreement between the United States Navy and the Chilean Navy, dated Oct 25, 1997, and amended on Sep 08 2003.

This Agreement consists of six (6) Articles and two (2) Annexes.

In witness thereof, the undersigned being duly authorized by their governments have signed this Agreement. Done in English and Spanish, each text being equally authentic.

FOR THE
U.S. DEPARTMENT OF DEFENSE

FOR THE
ARMADA DE CHILE
DIRECTOR GENERAL DE LOS
SERVICIOS



RICHARD J. CONNELLY
Director, Defense Energy Support Center



JUAN E. ILLANES
Vice Admiral, Director

Date: JUN 28 2005

Date: 13 JUL. 2005

Location signed: Fort Belvoir, VA

Location signed: Valparaiso, Chile



ANNEX A

PROCEDURES FOR REQUESTING FUELING SERVICES

- A.1. Whenever possible, at least ten (10) days advance notice shall be given for refueling requests.
- A.2. Requests for refueling at in port or at sea.
 - A.2.1. Standard replenishment at sea (RAS) request or logistics request (LOGREQ) format shall be used by activities requesting fuel under the provisions of this Agreement.
 - A.2.2. U.S. DoD requirements shall be submitted by message or e-mail to either:
 - A.2.2.1. Direccion General de los Servicios de la Armada (DGSA); or
 - A.2.2.2. Mision Naval de Chile en Washington (CHILIARCO); or
 - A.2.2.3. Direccion de Abastecimiento de la Armada (DABA)
 - A.2.3. CN requirements shall be submitted by message to either:
 - A.2.3.1. Commander, US Pacific Fleet (COMPACTFLT PEARL HARBOR HI//N415//; or
 - A.2.3.2. Commander, US Naval Forces Europe (COMUSNA VEUR LONDON UK//N422//; or
 - A.2.3.3. Commander, US Atlantic Fleet (COMFLTFORCOM NORFOLK VA//N413F//; and
 - A.2.3.4. With information copies to;
 - A.2.3.5. Naval Operations Logistics Support Center, Ft. Belvoir, VA (NOLSC DC FT BELVOIR VA//NPO//); and
 - A.2.3.6. DESC - RR; (DESC SAN ANTONIO TX//DESC-RR RETAIL MANAGEMENT); and
 - A.2.3.7. DESC - Mid East; (DESC MIDDLE EAST UC) or
 - A.2.3.8. DESC - Europe; (DESC EU OPS WIESBADEN GE) or
 - A.2.3.9. DESC - Pacific; (DESC PACIFIC UC) or
 - A.2.3.10. DESC - Americas; (DESC AMERICAS EAST UC) or (DESC AMERICAS WEST UC) whichever is appropriate.



ANNEX B

MINIMUM DATA REQUIREMENTS ON REFUELING

- B.1. The following information is the minimum information required when documenting a refueling in port.
 - B.1.1. Fuel Grade.
 - B.1.2. Ship designation/number.
 - B.1.3. Unit Identification.
 - B.1.4. Quantity.
 - B.1.5. Unit of Measurement.
 - B.1.6. Service Location.
 - B.1.7. Issue Date.
 - B.1.8. Printed Name of Receiver.
 - B.1.9. Signature of Receiver.
- B.2. The following information is the minimum information required in a ship's message or e-mail when documenting refueling at sea.
 - B.2.1. Ship name.
 - B.2.2. Fuel Grade.
 - B.2.3. Quantity.
 - B.2.4. Unit of Measurement.
 - B.2.5. Issue Date.

